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SUBJECT: IRAN EXPERTS REACT TO US ELECTIONS WITH SURPRISE,
HOPE, CAUTION, AND CONCERN

Classified By: Deputy Principal Officer Sandra Oudkirk; Reason 1.5 (d)

¶1. (S) Summary: Our contacts in Turkey and in Iran who follow US-Iran relations closely, including think tank experts, correspondents, and businessmen, have expressed a range of reactions regarding the implications for US-Iran relations to the election of Barack Obama. Their views ran the gamut from caution and cynicism, to hope and surprise, to some concern that the USG, in a rush to improve relations, might accept a deal that renews official relations but abandons the Iranian people's desire for more freedom and opportunity. Within the range of remarks, one theme seemed to enjoy some consensus: that this election outcome may offer an initial step in what could become a process of careful diplomatic confidence-building on both sides, but that such a process would likely be long and drawn-out, that many risks and pitfalls (and opponents) would confront the process, and that improved relations with the Iranian regime and with the Iranian people are not necessarily the same thing. End summary.

¶2. (C) We polled contacts in Turkey and in Iran who closely follow US-Iran relations to gauge their reaction and their assessment regarding the implications of President-elect Obama's victory for future US-Iran relations. We spoke to several Iranian think tank experts, two Istanbul-based western correspondents with extensive Iranian reporting experience, and two Tehran-based businessmen.

From Caution and Cynicism to Surprise and Hope

¶3. (S) Consulate Istanbul's "Iran Watcher" met several days prior to the US elections with a group of visiting researchers from the "Center for Strategic Research" (CSR) (please protect), a think tank affiliated with Iran's Rafsanjani-led Expediency Council, and considered by many to be Iran's leading think-tank. (Indeed, one CSR researcher speculated to us that in the event a "pragmatic" candidate is elected President of Iran next June, she expects many of CSR's staff would return to the Iranian NSC and MFA to help steer Iranian foreign policy, "just like will happen with Brookings in Washington.") Two CSR experts, while welcoming an Obama election victory, downplayed its immediate impact, cautioning that US-Iran relations were so complicated and delicate that it would still take concerted, step-by-step efforts "on both sides" to bring about a meaningful improvement in relations. The issues matter at least as much as the personalities, one added, especially the nuclear issue and sanctions. One researcher suggested that even though Supreme Leader Khamenei has the authority to decide whether and when to allow improved relations, he cannot do so until he can demonstrate that Iran has secured tangible benefits or conciliatory gestures from the new U.S. administration. The researchers pointed out that Iran's own presidential campaign season will not gain full speed until March (around the same time that the Obama administration's full team of foreign

policymakers would likely be in place). That election campaign could complicate or even stall any moves towards improved relations. One researcher cautioned that Iranian Presidential candidates may try to attack each other for being too soft on the U.S., even as they maneuver to take credit for any improved relations.

¶4. (S) According to retired Iranian Ambassador Seyed Rasoul Mousavi (ref A, please protect), the Director of the Institute for Political and International Studies (IPIS), a think tank affiliated with the Iranian MFA, "the situation between Iran and the U.S. is so complicated that it won't be solved simply by changing Presidents there or here." Conveying his views to Istanbul's "Iran Watcher" through a mutual acquaintance, Mousavi explained that "there are many other internal, regional, and international factors which affect Iran-US relations. Presidential elections are the easiest of the factors to assess." He argued that regional states like Israel and the Gulf states are so opposed to improved US-Iran relations that an Obama administration would find itself bogged down as it tries to win their support for such a policy. "Pakistan and Turkey also have reasons to benefit from the current state of US-Iran relations, as do China, Russia, and some in the EU. Improved relations between Iran and the US are not in their interests." He acknowledged that a new US administration offered a timely opportunity for both sides to reassess whether more common interests might be identified and cooperated on, for example Afghanistan, but he ultimately dismissed the US election outcome as likely, by itself, to have an immediate impact on US-Iran relations.

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¶5. (C) An Istanbul-based western news correspondent who was previously based in Tehran cautioned that "Obama's victory is unlikely to presage any immediate gesture coming from the Iranian leadership that could be interpreted as a diplomatic breakthrough." He speculated that the pragmatic element of Iran's leadership, including Majles Speaker Larijani, former President and current Expediency Council and Assembly of Experts Chairman Rafsanjani and Tehran Mayor Ghalibaf, consider President-elect Obama as someone that Iran "can do business with." The correspondent's wife, an Iranian national who maintains close contacts with Iranian media and cultural intelligentsia, noted that although the election outcome will raise Iranian popular hopes for quickly-improved relations, Iranians are tempered enough by experience not to expect miracles. "Relations with the US have been frozen for so long that conceiving of something different is outside most people's mental ability." The correspondent and his wife identified the "great unknown in the equation" as being the views of Supreme Leader Khamenei and President Ahmadinejad. "Ahmadinejad wants to get any credit for improved relations with the U.S.," to better bolster his re-election chances, especially as falling oil prices and rising inflation are increasingly blamed on him and his team. But Khamenei will likely be more cautious, the correspondent predicted, and remains suspicious of the motives behind U.S. interest in improved relations. Our contacts speculated that Khamenei would only allow steps leading to improved relations if he first concludes that an Obama administration's ultimate goal is not regime change, but rather working with the regime on issues of mutual interest. "There will be an ample period of wait-and-see in Tehran," the correspondent concluded, "before the Supreme Leader feels he needs to make a decision about whether to allow improved relations."

¶6. (C) Another Istanbul-based western correspondent with extensive experience traveling to Iran and engaging Iranian officials, predicted that Obama's election will lead, in the short term, to palpable relief in Tehran, as most Iranians believe the military option will no longer be on the table. He argued, however, that the GOI will expect the first tangible steps towards improving relations to come from Washington. "The Iranians are often in reactive mode: when

the US sends positive signals, they have often responded in kind, in their own way. Likewise, when Washington turns up the rhetoric, Tehran also responds in kind." He recalled that Khamenei in January prepared the ground for possible improvements in relations by stating publicly that poor bilateral relations were not necessarily a permanent condition, and that as Supreme Leader he would decide if and when it is in Iran's interests to renew ties. Meanwhile, from Ahmadinejad's perspective, "the ball is in the U.S.'s court anyway, given all his efforts to reach out during his UNGA visit." Iranian leadership circles almost certainly expect the next gesture to come from the U.S. side, and will interpret the extent of the gesture as a test of an Obama administration's intentions.

17. (C) The correspondent added that "contrary to received wisdom that piecemeal and secret efforts are the most effective ways of resuming this relationship -- which have actually led every time to blow-ups and blood-letting on the Iranian side -- and considering all the recent talk about the need to engage Iran on issues of common interest, the one thing this election provides both sides is an excuse to do something much more dramatic: for top leaders on both sides to make public commitments to proceed with confidence-building measures, with the stated goal of renewing diplomatic ties." He cautioned that if, in this context, the U.S. offers a gesture along the lines of sending U.S. diplomats to the US Interests Section in Tehran, "Washington should not be surprised if the first reaction in Tehran is fire-breathing opposition, which Khamenei would not necessarily quell right away. Reacting in kind would be a mistake, as that is how Khamenei will test US intentions." Patience, and responding only to statements from Khamenei, rather than from second-tier officials, will be the key to navigating better relations, he suggested.

18. (C) A Tehran-based policy analyst suggested that with the GOI's position already weakened by the fall in oil prices and by tightening lines of credit resulting at least in part from financial sanctions, the regime will be eager to look for ways to ease the burden of sanctions. The GOI is likely to see an Obama administration as far more willing to negotiate an overall framework deal with Iran, including striking compromises on the nuclear issue that would allow for a suspension of UNSC and national sanctions. Given the wide range and complexities of the issues involved, however, the analyst cautioned that such an engagement would likely only

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emerge in the second half of 2009, after Iranian Presidential elections, and may be preceded by both sides raising pressure on each other tactically, to improve respective bargaining positions.

Tempered by real concerns

19. (C) An Iranian businessman who works for a private telecommunications firm in Tehran described the current situation in Iran as a complicated puzzle, in which the UNSC and western sanctions are bad because they are hurting the Iranian people, but also useful because they are making the regime feel vulnerable; and in which President-elect Obama's election victory is inspiring because it shows the openness of America, but also risky because Obama might not deal firmly enough with the GOI. Our contact bemoaned that his company has been devastated by recent economic conditions in Iran, which he blamed in part on UNSC and western sanctions, and in part on the GOI's economic incompetence. (Comment: We will report more detailed views from him about the Iranian telecommunications industry's woes by septel). He characterized the Iranian population, presumably the middle-class, professional, educated Iranian demographic of which he is a member, as "desperate" for improved relations with the West. But he believed that the Iranian regime's hard-liners benefit from poor relations with the west, and

the GOI will therefore remain opposed to improved relations with the U.S. under President-elect Obama unless or until it feels it is on the verge of losing power as a result of Iran's economic collapse. He cautioned against a quick lifting of western pressure on the regime, despite his despair over the impact of sanctions. "If Mr. Obama says too many nice things to Iran right away, the regime will think he is weak and it will not be scared into making a deal." Keep up the pressure on the regime, he urged, but also keep giving hope to the Iranian people that a brighter future is coming soon.

¶10. (C) A retired Iranian roofing company owner, whose three adult children all left Iran this year (two daughters to the U.S. and a son to Australia), offered that most Iranians he knows are deeply pessimistic. They expect prices of basic necessities like food, clothing, and rents, to keep rising, and quality of life to keep declining. "We are all cynical about the future." He suggested that most Iranians were pleasantly surprised that Obama was elected, which "proves to everyone that the American electoral system is more tolerant and free than Iran's, by far." He also had some friends who were wishing for a McCain victory, as McCain was seen as more willing to "use force" to compel the Iranian leadership to change its "corrupt system" of governance. Many Iranians' hopes for improved relations as a result of Obama's election, however, are tempered by concerns that the USG might sacrifice its interest in improving the lives of average Iranians in the name of better relations with the government, according to this contact. "They will say anything to stay in power. Your new president is inexperienced. When you start talking to the Iranian government, just don't forget about the Iranian people. Don't abandon us over a nuclear deal."

Comment

¶11. (C) It is not surprising that we would hear such a range of reactions regarding the implications of President-elect Obama's victory on US-Iran relations, given the vibrancy of political discourse even in today's politically and socially restrictive Iran. It is also not surprising that all of the comments from Iranian contacts, even those from think-tank experts whose job is to advise Iranian policymakers, were careful, measured, and nuanced. To most politically-savvy Iranians, holding a black-and-white view about a topic as important as US-Iran relations is virtually impossible. Within the range of comments, however, one theme seems to enjoy some consensus: that this election may offer the first step in what could become a process of careful diplomatic confidence-building on both sides, but that such a process would likely be long and drawn-out, that many risks and pitfalls (and opponents) would confront the process, and that improved relations with the Iranian regime and with the Iranian people are not necessarily the same thing. End comment.

WIENER